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Contact: Katie Laning, Courtney Rowe  
(202) 224-4843

## Lincoln's Rural Report Card: Bush Budget Fails Rural America

*Washington* – U.S. Senator Blanche Lincoln (D-Ark.) today said President Bush's FY 2008 budget request to Congress does not reflect a strong commitment to the people of rural America.

Lincoln, Chair of Rural Outreach for the Senate Democratic Caucus, released her third annual report analyzing the impact of the President's budget proposals on rural America. Lincoln's "Rural Report Card" highlights seven areas where the President plans to cut deep into programs important to the quality of life in rural America: health care, education, law enforcement, economic development, agriculture, Social Security, and veterans.

"Unfortunately, the President has once again sent Congress a budget which relies too heavily on working families and small businesses in rural America to make sacrifices, while at the same time he continues to push for permanent tax cuts for the ultra-wealthy," Lincoln said. "Reducing our record deficits is a goal we all share, but it should not rest disproportionately on the backs of those living in rural America. By forcing some to shoulder this national burden and not others, this budget reflects at best an unfair and misguided approach to our spending priorities and at worst a real neglect of rural America."

Lincoln's "Rural Report Card" focuses on seven areas where President Bush's budget cuts deep into rural America, including:

### 1) RURAL HEALTH CARE

Lincoln said that overall, the Rural Health Programs budget would receive an **87 percent cut** (representing \$104 million) in funding under the President's proposal, down to \$17 million. Further, the President's budget would **eliminate** funding for 21 important rural health programs, including the *Area Health Education Centers (AHECs)* which provide vital health care and education services to rural areas. Arkansas has six AHECs which provide medical care to almost 160,000 individuals each year.

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Lincoln said the elimination of resources like the *Geriatric Education Centers* will hurt rural communities in particular because they already face a lack of qualified health care providers. The Geriatric Education Centers have trained approximately 9,200 health professionals in geriatrics in Arkansas. Lincoln said that our nation's health care system will face an unprecedented strain as our population grows older, and geriatricians will be in great need. At present, our nation is simply ill-prepared and faces alarming shortages among geriatricians.

In addition, Lincoln pointed to the elimination of the *Alzheimer's Disease Matching Grants to States Program*. Currently, more than 56,000 Arkansans live with Alzheimer's disease. That number will grow to 76,000 by 2025. Lincoln said this federal program is necessary to ensuring that the unique needs of individuals with Alzheimer's and their caregivers are being met.

Arkansas would lose \$500,576 if the *Rural Hospital Flexibility Grant program* is eliminated. This program supports hospitals with 25 beds or fewer and serves 28 critical access hospitals in Arkansas.

Arkansas would lose \$294,822 if the *Small Rural Hospital Performance Improvement Grant Program (SHIP)* is eliminated. Thirty-three hospitals in Arkansas who participate in SHIP would lose this federal support.

The \$20 million proposed cuts in *Senior Nutrition programs* would result in approximately 100,000 fewer meals to elderly Arkansans, most of whom live in rural communities.

**Medicare & Medicaid:** The President's budget includes \$78 billion in Medicare and Medicaid cuts and billions in new premiums, endangering the ability of Arkansas' 464,000 Medicare patients to obtain the care they need to lead healthy, independent lives. The President's budget proposes to reduce spending for Medicare and Medicaid by about \$100 billion over five years. In doing so, the President proposes saving \$13.7 billion over five years from legislative changes to Medicaid that are largely considered a cost-shift to states. The President also proposes \$12.7 billion in regulatory changes to Medicaid. These changes will add new administrative burdens to states and providers, affect the state's ability to reimburse providers, undermine access to school-based services, and undermine the quality of physician education.

**State Children's Health Insurance Program (SCHIP):** The President's Budget proposes increasing funding for SCHIP by about \$5 billion over the next five years in SCHIP reauthorization. It is unclear at this point whether these funds are new or redistributed from other sources, including savings from Medicaid or redistributed SCHIP allotments. The \$5 billion amount is only about one-third of the amount states are estimated to require over the next five years to maintain access to services for those now covered under SCHIP. Lincoln said further cuts will undermine a program critical to raising healthy and economically secure children and risk adding to the ranks of Arkansas's nearly 68,000 uninsured kids.



**Hospitals:** Lincoln said the President's proposed cuts to hospitals are estimated to cost Arkansas providers \$730 million over five years.

**Nursing Homes:** Lincoln said the President's proposed cuts to nursing homes are estimated to cost Arkansas providers \$6 million in 2008.

**Home Health:** Lincoln said the President's proposed cuts in home health payments would cost Arkansas providers approximately \$89.53 million over the next 10 years.

**Hospice:** Lincoln said the President's plans to cut hospice payments would cost Arkansas providers approximately \$11.6 million in hospice payments over five years.

## **2) EDUCATION**

Lincoln said the President's budget proposal would cut U.S. Department of Education discretionary funding by \$1.5 billion, or 2.6 percent, from last fiscal year's level. Overall, the President's budget would eliminate 44 federal education programs, including Federal Supplemental Educational Opportunity Grants, education technology state grants, arts in education programs, and school counseling. The budget proposal includes large cuts to numerous other programs including career and technical education and safe and drug-free schools state grants.

**No Child Left Behind (NCLB):** The President's budget under funds NCLB by \$14.8 billion, for a cumulative shortfall of \$70.9 billion since enactment of the law.

**After School Programs:** The President's budget leaves behind 2 million students who would receive after school services if the program were funded at the level promised last year in NCLB. Lincoln said this could mean that more than 19,000 Arkansas children could be denied after school services.

**Career and Tech Education:** The President's budget proposes a \$687 million reduction in funding for career and technical education programs. This will result in a potential loss of approximately \$14 million for Arkansas. As a result of this cut, thousands of secondary and post-secondary students, as well as more than 2 million students enrolled in Tech Prep programs, could see their courses reduced or eliminated.

**Head Start:** The budget would cut Head Start by \$100 million. Since 2002, the Head Start program has been underfunded by \$6.79 billion. The President's budget will result in cuts (in hours, transportation, and educational instruction) that threaten the quality of the program. The program currently only serves about one-half of the children eligible for the pre-school program, much fewer in Early Head Start.

**Higher Education:** The President's budget again freezes funds for key college programs like work study and zeroes out Supplemental Educational Opportunity Grants (SEOG). In 2006, Arkansas received \$7.5 million in federal college work study funds and \$4.9 million in SEOG grants. As tuition and fees increase at state colleges and universities, the administration's cuts in student aid will put higher education further out of reach from many Arkansas students.

**Perkins Grants:** These funds are used to serve students in traditional high schools, vocational-technical high schools, and in post-secondary institutions providing technical programs such as community colleges, technical institutes, skill centers and other public and private two- and four-year colleges. The President's budget would result in an estimated \$7,092,053 cut for Arkansas students.

**Special Education:** For the third year in a row, the President has proposed cuts for special education. The President proposes to cut \$291 million for the Individuals with Disabilities Education Act (IDEA), which requires public schools to offer special education programs for students with special needs. This would provide just 16.5 percent of the average per pupil cost – the lowest percentage level of support since FY 2002. The federal government's commitment to states is 40 percent of total funding.

The President also plans to reduce Medicaid-based reimbursements related to services for special education students by \$615 million in FY 2008 and \$3.645 billion over the next five years. Together with the proposed cut in IDEA State Grants, this amounts to more than \$900 million less in FY 2008 for schools to serve students with disabilities.

### **3) ECONOMIC DEVELOPMENT & HOUSING**

Lincoln said the President's budget would once again cut economic initiatives relied on by Arkansas' rural communities.

**Economic Development Administration (EDA):** The President's budget would **eliminate** the EDA Public Work programs. Since 2001, EDA Public Works programs have invested in 31 Arkansas projects for a total of \$40.5 million. That investment has leveraged more than \$1.4 billion in local and private investment and has created or saved 8,807 jobs in Arkansas.

**Community Development Block Grant (CDBG) Program:** CDBG is once again on the President's chopping block, Lincoln said. The CDBG program is a signature program for Arkansas' cities, counties and local communities to create jobs, spur economic development and small business opportunities, and expand home ownership. Arkansas' CDBG funding would be reduced by \$8.1 million from its 2006 funding level of \$27.7 million.

Lincoln said that by cutting CDBG, the President's budget would undermine the economic well-being of Arkansas' communities and the future generations that live there. This move



would directly impact the 14 cities that receive CDBG funds (cities include: Bentonville, Conway, Fort Smith, Jonesboro, Rogers, Texarkana, Fayetteville, Hot Springs, Jacksonville, Little Rock, North Little Rock, Pine Bluff, Springdale, and West Memphis). CDBG funds have been used for a variety of projects in Arkansas, including senior citizen centers, public health facilities, childcare facilities, affordable housing rehabilitation and construction projects, and rural fire stations.

***USDA Rural Business Enterprise Grant Program (RBEG) and Rural Business Opportunity Grants (RBOG):*** President Bush proposes to eliminate these programs which help emerging businesses grow and develop. Arkansas has benefitted from the RBEG program and stands to lose millions in economic development dollars if this program is eliminated. Lincoln pointed to Arkansas-based Winrock International, an international non-profit corporation, which uses RBEG funding to assist businesses throughout the state. Winrock has assisted over 2,825 Arkansas businesses over the last 10 years using RBEG funding.

***USDA Rural Empowerment Zones and Enterprise Community Grants:*** The President provides no funding for these grants in this fiscal year's budget. The goal of these grants is to help revitalize rural communities by attracting private investment to these areas. Lincoln noted two "Rural Enterprise Communities" in Arkansas – East Arkansas and Mississippi County. Together, these Rural Enterprise Communities cover approximately 1,500 square miles in five counties in the Arkansas Delta (Mississippi, Cross, Lee, Monroe, and St. Francis counties) with extreme levels of poverty.

***Elderly and Disabled Housing Programs:*** The President proposes to cut federal dollars for elderly housing by nearly a quarter and housing for the disabled by nearly half. Lincoln said that in 2006, Arkansas grantees received a total \$7.2 million in elderly and disabled housing grants to fund the construction of 33 affordable housing units for the elderly and disabled in Little Rock and Monticello.

#### **4) RURAL LAW ENFORCEMENT**

***First Responders:*** The President's budget includes a 50 percent cut, totaling approximately \$1.7 billion below the 2007 level adjusted for inflation, in first responders funding. Arkansas' state formula grants would be funded at \$187 million, a cut of \$348 million below the inflation-adjusted 2007 level. Lincoln said these cuts would hinder critical state and local efforts to protect our communities by making less funding available for the preparedness of first responders and citizens, public health, infrastructure security and other public safety activities. Lincoln said she was particularly concerned with how these cuts would effect the amount of federal Homeland Security funding provided to small and rural states such as Arkansas.

***Edward Byrne Memorial Justice Assistance Grant Program:*** Last year, Congress saved this important law enforcement program after the President proposed to eliminate it. In this year's



budget, the President proposes to fundamentally restructure the program into a competitive grant system. The President proposes \$350 million for the program this year, a cut of \$170 million below the last fiscal year's funding level. Lincoln said she was deeply concerned about how changing the program from formula funding, which guarantees assistance to all states, to a competitive process that favors large, urban communities could affect small, rural states like Arkansas.

***Community Oriented Policing Services (COPS):*** The President's budget cuts \$510 million from last fiscal year's funding of the COPS program. The President's budget allows for only \$32 million for this critical program which are important to law enforcement agencies throughout rural America. In 2006, the COPS program awarded \$63 million in grants to rural communities across the country to fight the growing methamphetamine problem. Since Congress created this successful initiative with Lincoln's support in 1994, the COPS program has assisted Arkansas law enforcement agencies in reducing violent crime across the state. In doing so, it has helped counties throughout Arkansas hire additional officers for community policing and homeland security activities by helping provide for their salaries and benefits.

## **5) AGRICULTURE**

Lincoln said the President's Farm Bill proposals and his budget request for the U.S. Department of Agriculture could disproportionately impact Arkansas' farm families. Specifically, the President proposes elimination of the "three-entity rule" and tighter eligibility restrictions for farm programs. Additionally, the President proposes to ultimately lower the marketing loan rates for some commodities and modify the counter-cyclical program. Lincoln is concerned that these proposals would weaken the safety net for southern producers.

***Food Stamps:*** The President's budget would eliminate food stamp eligibility for individuals and working families with children who are low-income but not receiving certain Temporary Assistance for Needy Families benefits. The Congressional Budget Office estimates this change would eliminate food stamp eligibility for approximately 225,000 individuals nationwide. Over 372,000 Arkansans currently receive food stamp benefits.

## **6) SOCIAL SECURITY'S IMPACT ON RURAL AMERICA**

Lincoln noted that once again, President Bush has included a Social Security privatization plan in his budget that, if enacted, would result in millions of middle-income workers receiving little or no Social Security benefits in retirement. Lincoln said that 380,000 beneficiaries in Arkansas could be subject to an annual benefit cut of \$6,319 under the President's private account plan, according to an analysis by the House Ways and Means Committee.

Lincoln said privatizing Social Security would have a devastating effect on a rural state like Arkansas, where 58,000 seniors live in poverty. Seniors who live in rural areas are

disproportionately low-income and thus are more dependent on Social Security. Rural Americans also have a greater need for Social Security's disability safety net. Due to the physical nature of their jobs, it is more likely that they will need either disability benefits or early retirement benefits.

## **7) VETERANS**

Lincoln pointed to the fact that the highest concentration of military veterans live in rural communities, yet the President's budget falls short of meeting its commitment to these brave service men and women. The President's budget proposes a six percent increase over last fiscal year's funding level, short of the 13-14 percent the Veterans Administration has testified it needs to meet the demands from a growing number of troops returning home from military service overseas and the rising cost of health care.

Under the President's VA budget, much of his proposed increase will be paid for with new enrollment fees that will force many middle-income veterans to pay substantially more for their care. These three-tiered enrollment fees (\$250, \$500 or \$750 depending on family income) would be imposed upon approximately 30,000 veterans in Arkansas.

The President's budget also calls for almost doubling the cost of prescription drug co-payments for our nation's veterans from \$8 to \$15. Additionally, it would attempt to freeze enrollment for thousands of middle-class veterans that would prevent them access to VA hospitals, clinics and medications. This provision would affect approximately 260,000 veterans across the country, and 7,363 from Arkansas.

Lincoln said that while our veterans have sacrificed so greatly on our behalf, the least a grateful nation can do is provide them the quality care and assistance they need after they return home. Lincoln said the VA needs adequate resources to address such problems as the increasingly long waiting lists for VA hospital appointments, the unnecessarily long benefits applications process, and the delay of concurrent payment of military retirement and pension benefits for disabled veterans.